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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 02/24/09

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(1) Rumor going around in LDP that general election would occur in May; Full-scale maneuvering over drive to remove Prime Minister Aso from office; Financial summit as his swan song

TOKYO SHIMBUN (Page 2) (Full)
February 24, 2009

While Prime Minister Taro Aso has found it increasingly difficult to steer his administration, there is now a rumor in his Liberal Democratic Party (LDP) that the prime minister would step down after the G-20 financial summit slated for April 2 in London as his swan song. The idea is that the House of Representatives would be

dissolved in April for a general election in May, after the LDP elects its new president. Meanwhile, persons close to Aso are seeking to constrain a drive to unseat him, hinting at the possibility of the prime minister shuffling his cabinet after the fiscal 2009 budget and related bills are enacted. The political situation will likely become increasingly chaotic.

Regardless of Aso's intention, speculations have begun going around in the LDP. One speculation is that Aso would resign as prime minister after attending the financial summit.

Regarding the timing of Lower House dissolution, LDP members had believed that there were only two options -- one being May and the other being September when the terms of the Lower House members expire. However, immediately after Shoichi Nakagawa resigned as finance minister, the dominant view was that there was no other choice but to wait until the term of the Lower House runs out.

However, with the Democratic Party of Japan's decision to approve the passage of the fiscal 2009 budget and related bills in the Lower House within February, it is now certain that the budget will be enacted at the end of March and the related bills by late April.

If the ruling coalition accomplishes its minimum job, which means the passage of the budget and related bills; it will be able to break the spell of supporting the Aso administration. According to the political calendar, the April 2 financial summit has been set for Aso to as his last job.

Appearing on a commercial television program on Feb. 21 in Fukuoka

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Prefecture, Taku Yamasaki, former LDP vice president, said: "I think it is good that the Lower House will be dissolved in April and a snap election will be called in May." A senior LDP member also said: "The Lower House may be dissolved in April."

Amid the prevailing view in the party that the LDP won't be able to fight the election under Aso's leadership, the May election means that many LDP members are now envisaging Aso's early departure from office.

An awareness of the situation that it is difficult to delay Lower House dissolution until the summer is spreading in the LDP, with Senior Deputy Secretary General Nobuteru Ishihara saying: "When the situation becomes confused, we should ask for the people's vote of confidence."

Referring in a speech to the timing of Lower House dissolution, LDP Diet Affairs Committee Chairman Takamori Oshima said on Feb. 21: "I want the prime minister to attend the financial summit, no matter what happens. After that, it's up to the prime minister's decision."

In an attempt to contain calls for unseating him, Aso has launched looking into compiling a supplementary budget for the fiscal 2009 budget, with the passage of the budget in mind. The extra budget could be compiled by a person other than Aso.

(2) Political parties - part 1: Security issue could spark political realignment

YOMIURI (Page 4) (Full)
February 24, 2009

Democratic Party of Japan (DPJ) President Ichiro Ozawa during a meeting with visiting U.S. Secretary of State Clinton at a Tokyo hotel on the evening of Feb. 17 said, "It is important to deal with individual problems concerning the issue of realigning U.S. forces in Japan, after our two countries discussed their global strategy, and reached an agreement." Ozawa was eloquent, though he was reportedly reluctant to meet with Clinton.

According to a senior DPJ official, the meeting was held for about 30 minutes with an interpreter and Ozawa spent 70 PERCENT of the meeting time. Secretary General Hatoyama at a meeting of the "Next

Cabinet," held the following day, reported, "President Ozawa spearheaded the discussions for most of the time. Secretary Clinton took the part of the listener."

Ozawa, however, did not touch on any specific issues, such as the relocation of the U.S. Marine Corps Futenma Air Station to outside Okinawa or abroad, which the DPJ is calling for. Some in the party speculated, "He probably unilaterally spoke to avoid Secretary Clinton from going deep into the matter."

Behind Ozawa steering clear of touching on the Futenma issue is the fact that party members are not monolithic on security issues.

Deputy Chief of Mission Zumwalt of the U.S. Embassy in Japan gave a speech at a meeting of the Hatoyama group. Concerning the accord on the relocation of marines from Okinawa to Guam, which the Japanese foreign minister and the U.S. secretary of state signed on the 17th, Clinton made sure to warn: "Implementing the relocation steadily

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will be in the interests of both countries. It would take an awful lot time, if the plan is to be reset."

This is because the DPJ is critical of the accord, with Policy Council Chairman Naoshima noting, "The government has yet to fulfill its accountability for the estimated relocation cost."

In response to strong concern expressed by the U.S., dissatisfaction is mounting among conservative lawmakers that the U.S. military base issue in Okinawa is supposed to come up first and foremost, if DPJ administration comes into existence. And yet, specific discussions have hardly been pursued." DPJ lawmakers have started conferring on realistic options concerning the base issue with Lower House member Mikio Shimoji, elected from Okinawa No.1 Constituency, on a voluntary basis.

The Liberal Democratic Party's (LDP) security policy experts in the Diet are paying close attention to the DPJ's move, with a person who once served in a ministerial post saying: "Even if the DPJ takes the reins of government, it would split over the security issue, which could pave the way for the realignment of political circles, involving some LDP members."

Another issue that will form the axis of the realignment of political circles involving the LDP and the DPJ is the consumption tax.

Kaoru Yosano is now serving as state minister for economic and fiscal policy, minister of finance and state minister for financial services in the Aso administration, increasing his presence.

Yosano, who is in favor of raising the consumption tax, champions the pro-fiscal reconstruction force, which attaches importance to fiscal disciplines. Senior Deputy Policy Research Council Chairman Hiroyuki Sonoda, a former New Party Sakigake member, has a channel with the DPJ. Some take the view that Sonoda will move for the realignment of political circles along with Yosano after the Lower House election."

In the meantime, mid-ranking and junior lawmakers, including Upper House member Ichita Yamamoto, who are critical of a consumption tax hike, have set up a study group this year. Yamamoto is close to former State Minister for Administrative Reform Yoshimi Watanabe, who has left the LDP. A point has been made that members of the study group might aim at realigning political circles along with advocates of economic growth, such as former Secretary General Hidenao Nakagawa, who is attaching importance to economic growth and spending cuts, instead of a tax hike.

DPJ members are also divided over the consumption tax issue. Katsuya Okada and Seiji Maehara, when they were serving as president, both referred to a hike in the consumption tax.

Maehara during an interview with the Yomiuri Shimbun said, "It is unavoidable to implement drastic tax system reform, including a review of the consumption tax, in the future. I do not think it is

possible to reconstruct the nation's finances and economy with the reform of spending structure alone."

Ozawa has contained discussion of a consumption tax hike, noting there are ample fiscal resources. He is thus giving consideration to lawmakers who are cautious about raising the consumption tax.

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Amid a change of administration gaining a realistic prospect, a certain senior DPJ member is beginning to take this view: "The weak point of the DPJ is security and a consumption tax hike, which is necessary for social security spending. If the party remains vague about these issues, it might split. It may be better to sort out its stance through the realignment of political circles."

(3) Asahi attack: Man reported to have ordered the attack protests Shukan Shincho

MAINICHI ONLINE (Full)
11:46, February 24, 2009

The Asahi Shimbun reported in its Feb. 24 morning edition that a former U.S. Embassy employee, 54, who had been described in the weekly magazine Shukan Shincho's series of articles as the person who ordered a 65-year-old man who claimed in the articles to have attacked the Asahi Shimbun's Hanshin Bureau in 1987 protested Shinchosha, the weekly magazine's publisher, saying: "The contents of the articles conflict with facts."

According to the Asahi Shimbun, the former employee sent on Feb. 17 an e-mail to the company and after revealing his real name in an interview, he explained: "In the Shukan Shincho articles, I was set up as the person who had ordered the attack." Accompanied by an Asahi reporter, he visited Shinchosha in Tokyo's Shinjuku Ward on Feb. 23 and sought corrections and an apology, saying: "The notes are totally false and the articles contradict facts." Carrying a mosaic picture of the former Embassy employee, Shukan Shincho had reported that the former employee asked the 65-year-old man to attack (the Asahi Shimbun's Hanshin Bureau) by providing him with a gun and money.

According to the U.S. Embassy in Japan, the former employee was with the Embassy up until April 2008 and that he was working at the U.S. Consulate in Fukuoka in 1986, the year he reportedly ordered the attack.

(4) TOP HEADLINES

Asahi:

Welfare ministry predicts 20 PERCENT decrease in pension benefits 30 years from now

Mainichi:

Welfare ministry forecasts ratio of benefits to after-tax salary payment to be kept over 50 PERCENT in fiscal 2038

Yomiuri & Tokyo Shimbun:

Two Japanese films, including "Okuribito (Departures)," win Oscars

Nikkei:

Auto, electronics firms to standardize car control software

Sankei:

Joint survey with FNN: Public support of Aso cabinet plunges to 11.4 PERCENT

Akahata:

JCP member Ishii urges government to save high school students who cannot pay tuition fees

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(5) EDITORIALS

Asahi:

- (1) Outlook for pension financial resources: Future benefit levels concerned
- (2) Afghan reconstruction: Japan should demonstrate skills in civilian aid

Mainichi:

- (1) Academy Awards: Two Japanese films able to convey Japanese culture to world audience
- (2) Let us use government funds to expand domestic demand

Yomiuri:

- (1) ASEAN plus 3 urged to revitalize Asian economy
- (2) Academy Awards: World recognizes Japanese moviemakers' abilities

Nikkei:

- (1) Too high yield rates presented in outlook for pension financing
- (2) Oscars awarded to two Japanese films show moviemakers' power

Sankei:

- (1) Japan-U.S. summit: Discuss issue of collective self-defense
- (2) Thoroughly investigate Asahi bombing incident, keeping possibility of terrorism in mind

Tokyo Shimbun:

- (1) Make picking two Oscars a departure of Japanese movies
- (2) New Japan-U.S. China era: Japan should go beyond just talking about common values

Akahata:

- (1) Irresponsible suggestion by business circles to raise consumption tax to 17 PERCENT to impose heavier burden on people

(6) Prime Minister's schedule, February 23

NIKKEI (Page 2) (Full)

February 24, 2009

10:35

Met at the Kantei with those who attended the meeting of ambassadors to European countries.

11:09

Met with Vice Foreign Minister Yabunaka, Deputy Foreign Minister Sasae, Asian and Oceanian Affairs Bureau Director General Saiki, and North American Affairs Bureau Director General Umemoto, in the presence of Deputy Chief Cabinet Secretary Matsumoto and Assistant Chief Cabinet Secretary Hayashi.

11:21

Met with deputy foreign ministers Sasae and Otake, Umemoto, METI Trade Policy Bureau Director General Okada and others, in the presence of Matsumoto.

14:10

Place a telephone call to ROK President Lee Myung Bak in the presence of Chief Cabinet Secretary Kawamura and his deputy Matsumoto. Kawamura stayed on. Afterward met with Japan-ROK joint

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research project Japan chair Masao Okonogi and his Korean counterpart in the presence of Kawamura and others.

15:03

Met with LDP General Council Chairman Sasagawa, followed by advisor Yamaguchi. Afterward met with Kawamura.

16:21

Met with Vietnamese Planning and Investment Minister Vo Hong Phuc.

17:02

Attended an LDP executive meeting. Senior Deputy Secretary General Hayashi stayed on.

17:45

Met with LDP Election Strategy Council Deputy Chairman Suga,
followed by Chinese Communist Party's International Department head
Wang Jiarui in the presence of Chinese Ambassador to Japan Cui
Tiankai, LDP Policy Research Council Chairman Hori, International
Bureau chief Mihara and others.

18:38

Returned to the Kantei.

19:09

Returned to his official residence.

20:51

Departed from Haneda Airport for the United States on a government
special plane.

ZUMWALT